

Interim report 1 January-30 June 2012

C-RAD AB (publ)

Key events during the period

- Sales for the period were 9,7 SEK (7,9 MSEK)
- EBITA of -12,4 MSEK (-13,5 MSEK)
- Loss after tax of -12,7 MSEK (- 13,7 MSEK)
- An order back log of 16,7 (6,2) MSEK
- Bookings for the period were 14,4 MSEK (9,2 MSEK)
- Earnings per share after tax of -0,80 SEK (- 1,12 SEK)
- Equity ratio of 57 % (68 %)
- Cash of 10 596 kSEK (4 110 kSEK)
- Numbers of employees were 21 (21)
- IBA Dosimetry has for 2012 placed a frame order of 6, 1 MSEK. Due to quality problems at suppliers deliveries have been postponed until second half of the year.
- A breakthrough for C-RAD on key markets
- C-RAD has received FDA clearance for its new Catalyst system
- Interfaces for communication with Varian accelerators have been released
- The C-RAD Sentinel system is available with interfaces to three major CT vendors
- Successful presentations of the C-RAD program at European conferences
- An agreement has been signed with Elekta within the field of respiratory gating
- New sales offices and subsidiaries founded in Berlin and Shanghai
- Agreement has been signed with Erik Penser Bank Aktiebolag.

Key events after the close of the reporting period

- Two new orders of C-RAD Sentinel from Elekta in China
- Approved US patent for the C-RAD inter active technology
- First installation in Germany of the Catalyst system equipped with respiratory gating integrated with a Varian Unique system
- FDA clearance of the C-RAD Sentinel with functionality for 4DCT
- A great interest for C-RAD solutions at AAPM in the US

Comments by Erik Hedlund, president of C-RAD AB.

“In spite of distribution problems in the US and quality problems with components for the diode detector production bookings and sales increased with 56% and 23% respectively compared to last year.

Results from the startup of C-RAD sales companies in Germany, China and the US and direct sales in Scandinavia can already be seen. The effects however will be obvious in Q3 and Q4.

Until end of the year a strong development is expected.”

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Figures in brackets refer to the same period of last year.

The board of Directors and the Managing Director of C-RAD AB (publ) hereby present the interim report of the first half year 2012.

The company

C-RAD is developing new innovative solutions for use in radiation therapy. The group is offering products and systems for positioning, imaging and radiation therapy of the patient. End users are radiation therapy clinics all over the world.

The product developments are taking place in the fully owned subsidiaries C-RAD Positioning AB, C-RAD Imaging AB and C-RAD Innovation AB. C-RAD Imaging AB is located in the city of Östersund. The other companies are located in Uppsala. The fully owned subsidiary C-RAD Incorporated in the US, is a sales company with focus on the North American market. C-RAD GmbH in Berlin is responsible for sales to German speaking countries. The number of employees at present is 21.

The activities of C-RAD AB are originating from research at Karolinska Institute and the Royal School of Technology in Stockholm. They were outsourced from 2001 to 2004.

The C-RAD solutions have especially been designed for use in advanced radiation therapy.

The class B shares of the Parent Company C-RAD AB have since July 2007 been traded, first at Aktietorget, but since March 2010 C-RAD AB is a listed company at NASDAQ OMX First North Premier. Erik Penser Bank AB has from August 2012 been appointed as Certified Advisor for C-RAD AB.

Key events during the period

- IBA has placed a frame order for deliveries in 2012 of 1835 detectors to a value of 6,1 MSEK. Due to quality problems deliveries have been delayed. In Q3 the production with a new diode chip will start.
- Breakthroughs for C-RAD on important key markets. A number of systems have been sold to Germany, France and China. After approval of Sentinel in China Elekta will as a standard include Sentinel when selling its Axesse system.
- The new C-RAD Catalyst system has received clearance by Food and Drug Administration in the US for use in positioning, motion detection and respiratory gating. Sales activities on the important US market have been started.
- After validation with the Varian MMI interface communication with the C-RAD Catalyst system has been approved and released. The Catalyst system can now to Varian customers be offered with full functionality for auto set up and respiratory gating.
- C-RAD has developed an interface for communication with Toshiba CT systems and Sentinel. Since before interfaces to Philips and Siemens are available. The Sentinel system can be used for so called 4DCT applications where the respiratory motions are being monitored during the data acquisition by the computer tomograph.
- There were a great interest for C-RAD solutions at the ESTRO meeting in Barcelona and the DEGRO meeting in Wiesbaden. Systems for positioning, motion detection with respiratory gating and 4DCT were presented. GEMini ED was also demonstrated.
- An agreement has been signed with Elekta regarding the C-RAD Catalyst system. Catalyst will as a standard be offered to Elekta customer for the application respiratory gating based on free breathing.
- New companies with sales offices have been started Berlin, Germany and Shanghai, China.

Peer Koltermann will be responsible for sales in German speaking countries.

From 1 July Markus Braun will be responsible for sales in China and the rest of Asia.

Key events after the close of the reporting period

- C-RAD has received two additional orders of Sentinel from Elekta in China. Since end of 2011 Elekta China has altogether placed orders of four Sentinel systems.
- A patent based on the unique C-RAD technology for inter activity implemented in the Catalyst system has been approved in the US. This offers unique opportunities for C-RAD in the future.
- A Catalyst system with functionality for respiratory gating has for the first time been installed at a Varian Unique system in Germany. The system will be an important reference for future sales activities in German speaking countries.
- C-RAD has received FDA clearance for Sentinel with 4 DCT. This means new opportunities to sell Sentinel to vendors selling computer tomographs.
- Less visitors than normal attended the annual AAPM meeting in the US. However a number of demonstrations were at the C-RAD booth performed. Important projects are being followed up.

Financial performance during January- June 2012

The Group's net sales amounted to kSEK 9 759 (7 885), during first two quarters 2012. An increase with 23 % compared with the same period last year.

Gross profit reached kSEK - 12 443(- 13 540), an improvement due to the increased sale. Operating profit first two quarters amount to - 12 700 kSEK (- 13 743).

The group has during this quarter made amortizations on R&D expenses amounting to kSEK 2 313 (3 737).

Work performed by the Group for its own use and capitalized amounted to kSEK 204 (2 450) during first half of 2012. The Group's investment in capitalized development expenses totaled 16 204 (38 322) kSEK.

The Group's cash and cash equivalents at 30 June 2012 totaled kSEK 10 596 (4 110). Cash flow for the period was -14 004 (- 15 266) kSEK.

Financial performance during second quarter 2012

Net sales for the fourth quarter amounted to 7 232 (2 229) kSEK. A noteworthy increase compared to the same period last year with 224 %. The improved sale had effect on operating loss which for the second quarter amounted to -5 405 (-8 501) kSEK.

The cash flow during second quarter amounted -5 215 kSEK (7 678).

The Group's equity amounted to 23 195 (34 280) and the equity ratio to 57 (67) %.

Personnel

The number of employees at 30 June 2012 totaled 21 (21).

Transactions to related parties

Scandiflash AB has been appointed as the manufacturer of C-RAD Sentinel™ and LAP Galaxy. ScandiFlash AB is fulfilling the high quality requirements to manufacture the hardware of the systems. Erik Hedlund, President of C-RAD AB, is holding 30 % of the shares of ScandiFlash AB.

Risk and uncertainty factors

The Group's capitalized development expenditures amount to 16 MSEK. Should these investments fail in part or in full, C-RAD

may be forced to recognize an impairment loss on all or parts of the projects.

Consolidated Income statements

(Amount in kSEK)	2012	2011	2012	2011	2011	2010
	Jan-June	Jan-June	April-June	April-June	Jan-Dec	Jan-Dec
Operating income						
Net sales	9 759	7 885	7 232	2 229	14 910	14 235
Work performed by the company for its own use and capitalized	204	2 450	129	1 102	5 825	7 118
Other operating incomes	247	0	220	0	3	91
Operating expenses						
Raw materials and consumables	- 5 501	-4 662	-3 720	-1 391	- 8 042	- 6 003
Other external costs	-5 830	-6 815	-3 500	-4 231	- 12 101	- 7 837
Personnel costs	-8 915	-8 551	-4 581	-4 325	-16 808	-13 843
Depreciations	-2 313	-3 737	-1 131	-1 866	-25 584	-3 103
Other operating expenses	-94	-110	-54	-19	-307	-78
Operating loss	-12 443	-13 540	-5 405	-8 501	-42 104	-9 420
Financial items	-257	-204	-123	-85	-503	-418
Loss after financial items	-12 700	-13 743	-5 528	-8 586	-42 607	-9 838
Tax on profit of the year	-	-	-	-	-	-
NET PROFIT/LOSS OF THE PERIOD	-12 700	-13 743	-5 528	-8 586	-42 607	-9 838
<u>Other comprehensive income</u>	0	0	0	0	0	0
Comprehensive income for the period	-12 700	-13 743	-5 528	-8 586	-42 607	-9 838

Consolidated balance sheets

(Amounts in kSEK)	2012	2011	2011	2010
	30 June	30 June	31 Dec	31 Dec
Assets				
Intangible assets	16 204	38 322	18 116	37 656
Tangible assets	1 733	681	815	693
Financial assets	109	109	109	106
Inventories	4 698	2 774	4 031	2 488
Current receivables	7 541	4 781	6 532	7 501
Cash and bank balances	10 596	4 110	24 600	19 376
Total assets	40 881	50 777	54 203	67 820
Equity and liabilities				
Equity	23 195	34 280	36 015	48 117
Long-term liabilities	9 963	8 638	9 859	8 545
Current liabilities	7 723	7 859	8 329	11 158
Total equity and liabilities	40 881	50 777	54 203	67 820
Key ratio				
	2012	2011	2011	2010
	30 June	30 June	31 Dec	31 Dec
Number of shares	15 868 820	12 298 091	15 868 820	12 298 091
Average number of shares	15 868 820	12 298 091	15 868 820	12 298 091
Average number of shares after dilution	17 473 028	13 501 360	16 986 428	13 501 360
Number of outstanding warrants	1 604 208	1 055 269	1 117 608	1 055 269
Equity ratio	57 %	68 %	66 %	71 %
Basic earnings per share (average numbers of shares) (SEK)	-0,80	-1,12	-2,68	-0,80

Diluted earnings per share	-0,73	-1,02	-2,51	-0,73
Equity per share (SEK)	1,46	2,79	2,27	3,91
Diluted equity per share	1,33	2,54	2,12	3,56
Profit margin	Neg.	Neg.	Neg.	Neg.

Segment reporting

Starting on 1 January 2009, the Group has implemented IFRS 8 Operating Segments. The Group Management has analyzed the Group's internal reporting and established that the Group's operations are managed and evaluated based on the following segments:

- **Positioning:** A Laser scanner for positioning of patients during radiation therapy.
- **Imaging:** A detection plate for location of a cancer tumor before treatment. Diode detectors for use in the field of dosimetry
- **Innovation:** A system for external radiation therapy.

(Amounts in kSEK)

	Jan-June 2012	Jan-June 2011	April-June 2012	April-June 2011	2011	2010
<u>Revenue by segment</u>						
Positioning	7 008	4 718	5 478	1 330	8 067	9 385
Imaging	2 751	2 834	1 753	899	6 509	4 850
Innovation	0	333	0	0	333	0
	9 759	7 885	7 231	2 229	14 909	14 235
<u>Gross profit by segment</u>						
Positioning	3 798	2 359	2 645	657	4 566	5 521
Imaging	1 588	1 260	771	377	4 777	2 802
Innovation	0	333	0	0	333	0
<u>Trade receivables by segment</u>						
Positioning	3 160	2 176	3 160	2 176	1 851	4 882
Imaging	1 554	33	1 554	33	2 210	952
Innovation	0	0	0	0	0	0
<u>Revenue by geographical market</u>						
<u>Sales</u>						
Scandinavia	3 452	572	2 444	327	3 093	3 821
Europe	5 547	3 386	4 027	899	9 086	7 934
USA	0	3 259	0	1 003	2 461	255
Asia	760	668	760	0	269	2 225
	9 759	7 885	7 231	2 229	14 909	14 235

Consolidated Cash flow statements

(Amount in kSEK)	2012	2011	2012	2011	2011	2010
	Jan-June	Jan-June	April-June	April-June	Jan-Dec	Jan-Dec
<u>Operating activities</u>						
Operating profit/loss	-12 443	-13 539	-5 405	-8 501	-42 104	-9 420
Adjustments for non-cash items, etc	2 313	3 737	1 132	1 866	25 583	3 103
Interest received	-	-	-	-	-	32
Interest paid	-257	-204	-123	-85	-503	-450
Cash flow from operating activities before working capital changes	-10 387	-9 599	-4 396	-6 720	-17 024	-6 735
Working capital changes	-2 298	-1 019	-1 779	1 117	-3 403	1 721
Cash flow from operating activities	-12 685	-10 618	-6 175	-5 603	-20 427	-5 014
Cash flow from investing activities	-1 319	-4 391	960	-2 076	-6 078	-9 273
Cash flow from financing activities	0	-257	0	0	31 729	29 682
Cash flow at end of period	-14 004	-15 266	-5 215	- 7 678	5 224	15 395
Cash and cash equivalents at beginning of period	24 600	19 376	15 811	11 801	19 376	3 981
Cash and cash equivalents at end of period	10 596	4 110	10 596	4 110	24 600	19 376

Consolidated statements of changes in equity

(Amount in kSEK)	2012	2011	2012	2011	2011	2010
	Jan-June	Jan-June	April-June	April-June	Jan-Dec	Jan-Dec
At beginning of period	36 015	48 117	28 706	42 913	48 117	29 816
New share issue	-	-	-	-	32 136	30 187
Issue expenses	-	-	-	-	-1 993	-2 117
Dissolved negativ goodwill						
Warrants in C-RAD AB	-	-	-	-	184	-
Equity on convertible loan	-120	-94	-61	-47	87	69
Loss for the period	-12 700	-13 743	-5 528	- 8 586	-42 606	-9 838
Translation gains/losses on consolidation			78		90	
At end of period	23 195	34 280	23 195	34 280	36 015	48 117

Accounting policies

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed by the European Commission for application in the EU.

This interim report has been prepared for the Group in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act.

The Group apply the same accounting and valuation principles as in the 2011 annual report.

Financial calendar

Next interim report will be published November 28th 2012

This interim report provides a true and fair picture of the business activities, financial position and results of operation of the Group, and describes the significant risks and uncertainties to which the Group is exposed. If there should be deviations between the reports in English and Swedish, the Swedish version is valid. The Swedish report has not been reviewed by the group auditor.

Uppsala, 30 August 2012

Börje Bengtsson

Board Chairman

Erik Hedlund

Managing Director

Board member

Mats Thorén

Board member

Anders Brahme

Board member

Bengt Lind

Board member

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